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September 26, 1995

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FCC MAIL ROOM

William F. Caton
Acting Secretary
Office of the Secretary
Federal Communications Commission
Washington, D.C. 20554

Re: FCC No. 95-281, CC Docket No. 95-115, *Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network*

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

Please file the enclosed comments of the Public Utility Law Project of New York in response to the Commission's Notice of Proposed Rulemaking adopted July 13, 1995 in the above-entitled matter. An original and nine copies are being filed so that copies may be transmitted to each Commissioner. Also, as indicated below, copies are being sent separately to the Accounting and Audits Division and to International Transcription Service.

Thank you for your cooperation.

Sincerely,

Gerald Norlander, Esq.
Deputy Director

c: Ernestine Creech
Federal Communications Commission
Accounting and Audits Division
2000 L Street, N.W.
Washington, D.C. 20554

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of	)	**FCC No. 95-281**
	)	
Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network	)	**CC Docket No. 95-115**

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COMMENTS OF THE
PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC.
ON PROPOSED POLICIES TO INCREASE SUBSCRIBERSHIP
AND USAGE OF THE PUBLIC SWITCHED NETWORK

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Date: September 26, 1995

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FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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COMMENTS OF THE
PUBLIC UTILITY LAW PROJECT OF NEW YORK,
ON PROPOSED POLICIES TO INCREASE SUBSCRIBERSHIP
AND USAGE OF THE PUBLIC SWITCHED NETWORK

1. INTRODUCTION

The Public Utility Law Project of New York, Inc. ("PULP") is a nonprofit public interest law firm and legal services organization representing the interests of low-income customers in utility and energy matters. PULP participates in New York regulatory proceedings involving telecommunications policy and measures to make telephone subscribership and usage more affordable to low-income households. PULP submits these comments in response to the Commission's July 13, 1995 Notice of Proposed Rulemaking ("NOPR").

PULP generally agrees with the observations in NOPR ¶¶ 1-9 that subscribership of low-income households is significantly lower than subscribership of the general population. From 1984 to 1993, the percent of households with total household income of $10,000 or less (in 1984 dollars) subscribing to telephone service in New York was as follows:

1984	78.4
1985	80.4
1986	81.6
1987	82.9
1988	82.2
1989	80.6
1990	75.4
1991	77.7
1992	83.2
1993	84.2

Subscribership of New York low-income households is significantly lower than that of other income groups. For example, telephone subscribership of New York households with income over $40,000 per year ranged from 98.3 to 99.3 percent over the same period.[1]

Telephone subscribership is increasingly important to low-income households, and the lack of service may tend to isolate them from economic opportunity, community, family and school life. For example, a child in a home without a phone cannot check in with an employed parent in the afternoon after school, cannot call a school homework hotline, cannot make or receive calls to discuss homework or a joint school project with classmates in the evening, and cannot access the internet or on-line computer services that offer encyclopedias and other home study aids. Also, health services increasingly are initially accessed by telephone, with telephone consultation with a nurse or physician's assistant frequently a precondition of obtaining an appointment for non-emergency care.

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[1] Belinfante, *Percentage of Households with Telephone Service*, FCC (1995). The New York data is attached to these comments as Exhibit "A".

PULP agrees that regulatory reforms can help "the market work even better," NOPR ¶ 6, that subscribership of low-income customers can be increased efficiently, and that "a combination of measures may offer the best opportunity to achieve our objective of a universal opportunity to subscribe." NOPR ¶ 2. Simultaneously with the adoption of measures to unbundle services and increase competition, New York also adopted measures that:

> (1) lower the cost of obtaining and maintaining local service by reducing NYNEX connection charges to $10 and Lifeline access rates for low-income measured service customers to $1 per month for dial tone;
>
> (2) efficiently enroll and periodically revalidate eligibility of Lifeline customers through confidential computer list matching with the State Department of Social Services; and
>
> (3) prohibit the uncompetitive practice of disconnecting basic local telephone service for nonpayment of charges for services provided by a third party, or for optional non-basic services (accompanied by blocking service to unpaid long-distance carriers, allowing selective access to non-blocked carriers).

A major innovative effort, involving cooperation of telephone corporations, government, and PULP was begun in 1995 to increase subscribership and affordability of service for low-income customers. A detailed description of New York's initiative, and PULP's recommendations to state regulators and telephone corporations for improving the model in conditions of increased local service competition, is attached to these comments as Exhibit "B."[2] In Exhibit "C" are model letters and forms currently used in the effort to

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[2] The recommendations in Exhibit "B" are not addressed to the Federal Communications Commission, but are for informational purposes in response to the Commission's interest in joint programs and for "comment on 'streamlined' certification programs and whether and how they may be directed at low-income persons not connected to the network." NOPR ¶ 52.

streamline the administration of Lifeline rates and low-cost hookups for NYNEX customers.

In these comments, PULP explains the development of New York's policies and the major joint program now underway to increase subscribership. PULP urges the FCC to support New York's initiatives and to encourage similar measures in other states or nationwide.

2. PROPOSALS TO INCREASE SUBSCRIBERSHIP

A. Disconnection of Basic Local Service for Failure to Pay Either Interstate or Intrastate Toll Charges Should be Prohibited.

The Commission recognizes termination of local service for non-payment of long-distance charges is a major contributing factor to loss of telephone service. NOPR ¶ 10. This is a situation where a market remedy coincides with the goal of preserving local service subscribership. There is no reason why basic local telephone service should be cut off because the customer failed to pay for long-distance charges, or for that matter, any other service.[3] The provider of competitive services who bills through the local exchange company gains collection "leverage" if there is a threat of local service termination that is unavailable to carriers who bill and collect for their own services or through other collection services.[4]

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[3] "Termination of service is a right of a utility to discontinue service for nonpayment of service *it* provides to that customer.... Particularly in a post-divestiture environment, where provision of local exchange services are separated from the competitive interexchange functions and these services are provided by separate entities, each firm should stand on its own. Thus, an LEC customer should not obtain or continue service contingent on paying both charges owed the LEC and a separate competitive firm...." *Re Access Pricing for Telephone Utilities*, 64 P.U.R.4th 96, 128-129 (Ky PSC 1984) (emphasis added).

[4] Likewise, if a LEC, "as a deregulated provider of billing and collection services, disconnects or offers to disconnect local service as a means of collection, [the LEC billing service] will have an unfair advantage" in competition with other billing and collection (continued...)

With the competitive unbundling of services, there should be no tying of basic local service to payment for any of the wide range of optional services now available from multiple providers. Rather, blocking technology should be utilized to terminate involuntarily only a service for which the customer has not paid. New York's rules on this subject are reviewed below.

i. New York's Billing and Collection Rules Prohibit the Termination of Basic Local Service for Nonpayment of Toll or Any Other Charges.

After divestiture, the New York Public Service Commission ("New York PSC") in 1984 provisionally allowed local exchange companies (LECs) to disconnect all service if a subscriber failed to pay long-distance charges, in part because blocking technology to terminate selectively services provided by unpaid carriers was not sufficiently widespread at the time.[5] The New York PSC revisited the issue in 1990 in connection with the proposed unbundling of billing and collection services, and adopted the following policy:

> First, basic local telephone service should be terminated only when charges for basic local telephone service have not been paid. Local exchange service should not be terminated for nonpayment of other charges, be they for regulated services, for long distance service provided by local exchange telephone corporations or interexchange telephone corporations and resellers, for unregulated services provided by local exchange telephone corporations, or for services offered by information providers. In such instances, only the particular service for which payment has not been received may be denied or blocked. Such denial or blocking would be done by the LECs, consistent with the applicable regulations [16 NYCRR Part 633 (Rules Governing Provision of Telephone Service to Residential Customers)], and would not restrict a customer's ability to access emergency services by dialing 911 or Operator. LECs

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[4](...continued)
services. *Re Northwestern Bell Telephone Company*, 91 P.U.R.4th 320, 323 (N.D. 1988).

[5] Case 28715, *New York Telephone Company, Billing and Collection Services,* Opinion No. 84-37, *Opinion and Order Concerning Termination Authority,* 24 NY PSC 6354, 6397-8, 64 P.U.R.4th 515, 534 (Dec. 31, 1984).

should introduce such selectivity as soon as technically feasible.[6]

Following the decision quoted above, the New York PSC instituted a formal rulemaking proceeding. New rules in 16 NYCRR Part 606 were adopted, prohibiting the termination by LECs of basic local service for nonpayment of third-party or non-basic charges, requiring allocation of partial payments giving first priority to basic local service, and the PSC set up a task force for implementation.[7] In the settlement of a lawsuit regarding the rules and their implementation, a transition schedule for implementation and interim procedures were adopted to achieve the change.[8] The 1992 rules and the lawsuit settlement agreement require the technological and billing separation of basic local telephone services from other non-basic local services and from toll services, including both intraLATA and interLATA service. The lawsuit settlement agreement also establishes procedures for previously terminated customers to regain service by paying or making arrangements to pay for basic local arrears, rather than total arrears. It allows long-distance carriers to require limited deposits from customers who are blocked due to nonpayment from service from another carrier, as a condition of selective access to the new carrier.

Since July 15, 1992, New York has permitted disconnection of basic local service only

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[6] Cases 89-C-191 and 90-C-0165, *Billing and Collection Services*, Opinion No. 90-33, 30 NY PSC 2307, 2325 (December 28, 1990).

[7] Case 90-C-1148, *In the Matter of the Rules and Regulations of the Public Service Commission Contained in 16 NYCRR, Chapter VI, Telephone and Telegraph Corporations -- Amendments to Subchapter A, Service, by the Addition of a New Part 606 - Billing and Collection Services, Memorandum, Order, and Resolution* (issued January 17, 1992). ("Case 90-C-1148")

[8] *AT&T Communications of New York, Inc., et al. v. Public Service Commission,* (Albany County Supreme Court Index No. 1559-92) (Settlement Agreement dated July 1, 1992, approved by PSC August 7, 1992).

for nonpayment of charges for basic local service. Critical to the functioning of the new rules is the allocation of partial payments from customers. New York created four billing and collection "buckets."[9] Partial payments are allocated first to bucket one for basic local service, bucket two is for intraLATA calls, bucket three is for other LEC services, and bucket four is for interLATA long distance and other services. Nonpayment of charges for other services no longer justify termination of basic local service, but may result in denial or blocking of service from a provider who has not been paid.[10] For example, if the applicant has paid, or makes arrangements to pay for basic local service, but still owes money for long distance service or intraLATA toll charges, only the unpaid service can be "blocked." The customer will also be offered an opportunity to maintain full service with a down payment and a deferred payment arrangement ("DPA") for all charges due for all services. If a customer defaults on a DPA that includes charges other than for basic local service, the company must "restructure the DPA to include only the remaining [basic local] charges only for the remaining period of the DPA. In this circumstance, *basic local service shall not be subject to disconnection until a customer defaults on a [basic local] service only DPA.*"[11]

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[9] New York initially proposed customer choice in allocating partial payments for non-basic services, but for implementation reasons adopted the four bill payment "buckets" as a surrogate for customer choice giving highest priority to local service. Case 90-C-1148, *Memorandum, Order and Resolution* at 36-40. If technologically feasible, customers should be allowed to allocate partial payments for non-basic services. *Re Interstate Access Charges*, 81 P.U.R.4th 524, 531 (Wy. 1987).

[10] 16 NYCRR §606.4 (a).

[11] *AT&T Communications of New York, Inc. et. al. v. Public Service Commission,* (Albany County Supreme Court Index No. 1559-92) (Settlement Agreement dated July 1, 1992, approved by PSC August 7, 1992) Settlement, ¶ 8, p. 1, fn. 2 (emphasis added). A copy of the lawsuit settlement agreement is attached to the New York Commission's order in
(continued...)

ii. Termination of Basic Local Service for Nonpayment of Intrastate or IntraLATA Toll Charges Adversely Limits Interstate Calling, is Anticompetitive, and Should Be Prohibited.

The Commission proposes to prohibit disconnection of local service for nonpayment of charges for interstate long-distance service, but apparently would allow disconnection for nonpayment of charges for intrastate service.[12] As discussed in the preceding section New York does not allow termination of local service for nonpayment of intrastate toll charges. PULP recommends that the Commission adopt New York's approach by prohibiting of the termination of basic local service for nonpayment of any other charges.

A tie between local service and payment of charges for intrastate toll service directly affects subscribership and interstate use of the network and leads to unnecessary termination of subscribership.[13] As the Commission has stated, "[d]isconnection of local telephone service and dialtone by a LEC prevents both the initiation of interstate calls and the receipt of interstate calls. [I]nterstate telephone service cannot take place without a telephone line being

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[11](...continued)
Case 90-C-1148, *In the Matter of the Rules and Regulations of the Public Service Commission Contained in 16 NYCRR, Chapter VI, Telephone and Telegraph Corporations -- Amendments to Subchapter A, Service, by the Addition of a New Part 606 - Billing and Collection Services, Order Granting in Part and Otherwise Denying Petitions for Waiver of 16 NYCRR Parts 606 and 633* (Issued August 7, 1992).

[12] "We also seek comment on whether we should alternatively consider prohibiting telephone companies from disconnecting customers' local services if they fail to pay interstate charges. *Intrastate calling would not be subject to this prohibition.*" NOPR ¶ 12 (*emphasis added*).

[13] The Commission recognizes that disconnection due to non-payment of toll charges occurs "whether the unpaid charges are interstate charges of an unaffiliated long-distance carrier, or the local or intrastate charges of the billing LEC." NOPR ¶ 27.

connected to the network."[14] The Commission previously stated it has authority to prohibit the termination of local service for non-payment of long-distance charges.[15] It is the interstate *impact* of the termination of local service for unrelated charges collected by a LEC that is most critical to the Commission's concern and jurisdiction, not whether the *cause* of the disconnection is due to unpaid intrastate or interstate toll charges.[16] There is no reason to limit the prohibition to interstate charges because there is a paramount national interest in achieving universal service in the information age. Such a limitation would undermine the Commission's goal, and might create unnecessary implementation difficulties.

As previously discussed, tying payment for intrastate toll charges to basic local service is uncompetitive. A LEC's billing and collection service gains an unfair competitive advantage over carriers that collect their own bills for intrastate service, if payment of LEC-billed intrastate or intraLATA charges is a necessary condition of maintaining basic local service.[17]

If, however, the Commission limits the reach of its rule to bar only the termination of local service for unpaid interstate charges, it should not interfere with New York's more comprehensive policies to unbundle services, to provide stronger protection of local service,

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[14] NOPR ¶ 32.

[15] NOPR ¶ 28.

[16] Whether local service is disconnected due to non-payment of intrastate charges or interstate charges is immaterial, for in either event the disconnected household becomes unreachable by any interstate callers. Also, households blocked from interstate toll services can still access interstate "800" numbers widely employed in interstate commerce, but only if they can maintain their basic local service. Interruption of local service due to non-payment of intrastate toll charges thus adversely affects interstate communication and commerce.

[17] See footnote 4, *supra*.

and to give intrastate toll service a medium priority between local and interstate toll charges in the allocation of partial payments.

B. Involuntary Blocking of Calls Due to Nonpayment Should Be Selective, So That Access is Denied Only to Unpaid Carriers or Service Providers.

The Commission proposes a rule that would "not prohibit carriers from interrupting interstate long-distance service for nonpayment of interstate long-distance charges." NOPR ¶ 31. The Commission should clarify that any blocking of access to interstate services should be selective, so that any denial of access is limited to unpaid carriers or service providers. There are now a multitude of long-distance carriers, and sometimes charges from more than one appear on a customer's bill. There is no reason to block access to *all* long-distance carriers for non-payment of the charges to one carrier. In competitive enterprises, there is competition even for the business of debtors. A competitive retailer is free to do business with persons whose credit with others is less than perfect, taking the risk of some defaults in payment. A "global" blocking of all long-distance calls due to non-payment of one carrier frustrates healthy competition. A customer might refuse to pay a carrier who the customer believes wrongly overcharged for a service, for example, high cost collect calls at undisclosed rates from an airport pay phone or from a prison carrier. That customer should not lose local service or be barred from utilizing other long-distance carriers. As stated by the New York PSC:

> Under the rule, a customer would be blocked from the specific service or carrier whose charges have not been paid, where such selective blocking is technically feasible. This feature furthers the underlying policy of the rules that customers should be denied only those services for which they have not paid. The rule, however, recognizes that not all companies may have such selective capability....
> * * * * As to the question of which entity is responsible for making the blocking decision, the decision to block or deny a customer from the service of a third party

depends on the technical capability of the companies involved and the contractual relationship between them. Ideally the provider of the service should perform the denying or blocking [footnote regarding AT&T's blocking capability omitted]. *In the event that the third party does not have the technical capability to block, then the LEC should perform that function.* In that connection, the rule requires the LEC to develop selective blocking capability as soon as practicable.[18]

PULP recognizes there needs to be some protection of carriers lest customers run up charges and switch carriers serially instead of paying. In a stipulation involving IXCs, LECs, the Public Service Commission and other parties, New York resolved this issue by allowing second carriers to charge a limited deposit if the customer has been terminated from a prior carrier for non-payment. When a new carrier wants to serve a customer owing arrears to another carrier, it notifies the LEC and IXC toll service is selectively unblocked to give the customer access to the new carrier.[19] In this way, usage of the interstate network is not unduly restricted.

C. Lifeline and Link Up Services Should Not be Conditioned on Involuntary Toll Limits, Restrictions, or Deposits.

The Commission invites comment on the adoption of involuntary toll limits or restrictions of some form for Lifeline or Link Up customers. NOPR ¶ 21. Such limitations, while well-intentioned, are inherently paternalistic because the regulator or company rather than the customer determines the importance and value of a service. Lifeline and Link Up service eligibility should be based strictly upon customer income, and should never connote

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[18] Case 90-C-1148, Memorandum, Order and Resolution at p. 20-22 (*emphasis added*).

[19] *AT&T Communications of New York, Inc., et al. v. Public Service Commission,* (Albany County Supreme Court Index No. 1559-92) (Settlement Agreement dated July 1, 1992, approved by PSC August 7, 1992) settlement agreement ¶ 12 (*Principles Governing Access to One or More Interexchange Carriers Following Blocking for Nonpayment*).

an inferior or second-class service. The goal of universal service is best promoted by pricing policies that encourage low-income customers to avail themselves of low-cost access to basic local service. If Lifeline subscribers choose to spend some of their limited discretionary funds on local measured service, intrastate toll service, interstate toll service, or an optional service such as call waiting, that should be the customer's choice, not the regulator's.

The FCC's proposal at NOPR ¶ 26 regarding deposits conceivably could impose harsher requirements upon persons seeking telephone service in New York State. Applicants for service who have prior arrears need not pay any deposit to reconnect their basic local service.[20] PULP respectfully asks the Commission not to condition Link-up benefits for local service upon deposit requirements or otherwise to endorse deposits for basic local service.

In New York, deposits are allowed when a customer who has not paid arrears with a long-distance carrier seeks to obtain service from another willing carrier. With a modest deposit,[21] the new long-distance carrier is secured and can monitor the customer's usage and

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[20] "[A] customer with a previous final bill will be reconnected to all category one service if the customer pays all outstanding charges for category one service or agrees to enter into a Deferred Payment Agreement (DPA) for these charges as required by 16 NYCRR Part 633 and pursuant to paragraph § 10 of this Agreement. If the amount of unpaid category one charges cannot be readily ascertained, the LEC may require an advance payment not to exceed twenty-five dollars for reconnection as a category one customer only." *AT&T Communications of New York, Inc., v. Public Service Commission,* (Albany County Supreme Court Index No. 1559-92) (Settlement Agreement dated July 1, 1992, approved by PSC August 7, 1992) settlement agreement, p. 4-5.

[21] The deposit for long-distance service for a previously disconnected customer is equal to "a maximum of twice that customer's monthly interexchange carrier bill to be estimated based on the average of the two highest of that customer's last three months' bills for interexchange carrier service...." *AT&T Communications of New York, Inc., et al. v. Public Service Commission,* (Albany County Supreme Court Index No. 1559-92) (Settlement Agreement dated July 1, 1992, approved by PSC August 7, 1992) settlement agreement ¶

(continued...)

suspend service swiftly if the customer's usage is abnormal or if the customer defaults in payment.

A *voluntary* blocking option may be helpful to some customers to control usage of others, for example, members of a shared household. Likewise, dollar or time limit toll options may be attractive to customers who need feedback when the limit is approached. There is no reason to limit these options to low-income customers. Also, PULP questions whether voluntary toll restriction costs should be significant. PULP notes that NYNEX provides New York customers the option voluntary blocking of outgoing long distance or "900" calls to all its customers, at no charge.[22] The Commission should adopt the procedures used in New York and should allow involuntary blocking of access to a toll service provider only when the customer has unpaid arrears with that provider.

D. Assistance with Connection Charges is Necessary.

PULP agrees that "[t]he combination of delinquent bills and high up-front deposits keeps involuntarily disconnected persons off the network." NOPR ¶ 23. To address this situation, the NYNEX Link-up plan charges just $10 to a Lifeline eligible customer, even if a premises visit is required. The $10 can be spread out over twelve months, to virtually eliminate the barrier. This represents a very substantial reduction in service connection costs. Coupled with Lifeline rates as low as $1 per month for measured service, this eases greatly the burden of obtaining and maintaining telephone service.

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[21](...continued)
12(b).

[22] Telephone call to NYNEX Business office, Albany, N.Y. September 21, 1995.

Because the up-front costs of hookup and the monthly cost of Lifeline are so reduced, even customers in residential hotels, homeless families in motels, and single room occupancy situations often are able to obtain normal residential service in their name in New York if they wish. There is also a role for services to transient and homeless low-income persons, as suggested at NOPR ¶¶ 37-39, but they are generally less adequate than regular phone service in the home.

E. Lifeline Rate and Link-up Programs Should be Expanded Through Computerized Enrollment and Validation Procedures.

New York encourages subscribership of low-income customers by making basic local service affordable. The Commission should encourage other states to adopt Lifeline programs similar to those of NYNEX, which has approximately 90% of the access lines in New York State. The NYNEX Lifeline rate for basic local service is as low as $1 per month, in contrast to $10.10 per month for other measured service residential customers. This is a major inducement to subscription and maintenance of service, particularly for households receiving public assistance and who are likely to have very low incomes. The program is automatically available to recipients of six public benefit programs: AFDC, Home Relief, SSI, Food Stamps, Medicaid, and HEAP.

One obstacle to increasing subscribership is that some eligible households are not aware of the Lifeline rates and reduced hookup charges, and have not applied; or, due to past termination for arrears, or unsuccessful attempts to obtain service, they are unaware that they could regain service under the 1992 billing and collection protocols. These rules, described in the preceding sections, permit customers previously terminated for long distance arrears to regain basic local service by arranging to pay over time their local service arrears, which generally are a small portion of total arrears.

Another obstacle to full Lifeline enrollment was the inefficiency of individual applications and manual validation of eligibility. These obstacles are now being addressed through a unique outreach and enrollment program undertaken by NYNEX, utilizing confidential data matching to verify and enroll Lifeline eligible customers automatically.
In 1995, New York began a major effort to increase and maintain subscribership of low-income customers who either lack telephone service or who are not billed at Lifeline rates. Central to the effort is the development of a confidential computer list matching procedure for enrollment of persons eligible for reduced cost service. Department of Social Services lists of eligible customers are matched against current NYNEX customer lists to identify those who are not customers or who are not receiving the Lifeline rate. Those who are customers but who are not presently billed at Lifeline rates are notified that their rates will be lowered in the future. Those who are not customers are mailed a computer generated letter, and a pre-printed form to mail back to initiate their service. A written confidentiality agreement between NYNEX and the New York State Department of Social Services protects customer privacy, requires the use of a third-party mailing house to accomplish the list matching and mailing, and strictly limits the use of the data. A NYNEX tariff also requires confidential use of the data. The procedure has been approved by the United States Department of Health and Human Services with respect to the data pertaining to recipients of Supplemental Security Income.

To encourage response, letters to customers and potential customers are sent on the letterhead of independent nonprofit legal services organization, the Public Utility Law Project of New York, rather than using letterheads of NYNEX or the Department of Social Services. The first portion of an estimated one million letters to be sent this year has resulted in identification of many households previously terminated from telephone service due to nonpayment of long-distance charges, who now seek reconnection, as well as more than 100,000 households who will receive lower Lifeline rates. Copies of the letters and forms being sent to increase subscribership and participation in the Lifeline rate program are attached. PULP urges the Commission to encourage other states to embark on similar cooperative efforts. A detailed description of New York's Lifeline program, with PULP's recommendations for improving it and its administration in conditions of increased local competition, is attached to these comments in Exhibit B. As noted previously, PULP's detailed recommendations in Exhibit "B" for enhancement of New York's Lifeline and link-up programs are not addressed to the Federal Communications Commission.

F. Consumer Awareness Issues.

PULP agrees there is a need to better inform customers of programs and services that may increase subscribership. The success of such measures, however, depends upon a comprehensive approach such as New York is embarked upon to address all barriers to telephone subscribership. For example, publicizing the benefits of Lifeline, whether in television spots or on telephone truck advertisements, will be less effective if it is anything less than standard service or if telephone service will be denied to the applicant responding to such information because of prior arrears for non-basic local exchange service.

CONCLUSION

For the reasons previously stated, the Federal Communications Commission should support the measures adopted by New York to increase subscribership of low-income customers. Termination of basic local telephone service by a LEC for non-payment of any third-party charges it seeks to collect through its billing and collection services should be prohibited in order to achieve increased subscribership and prevent unnecessary disconnection from the interstate network. Involuntary blocking of access to the interstate network should be limited to services of providers who have not been paid.

States should be encouraged to develop confidential computer list matching procedures to enroll customers and validate their eligibility for Lifeline rates and Link-up opportunities. The Commission should adopt policies to encourage the reduction of Lifeline rates, hook-up charges, deposits, and other economic barriers that discourage low-income customers from obtaining and maintaining basic access to the network.

PULP respectfully urges the Commission in its efforts to increase subscribership and usage of low-income customers not to adopt any policy that may diminish any of the highly effective measures toward the same goal adopted and underway in New York.

Respectfully submitted,

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OF NEW YORK, INC.
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Date: September 26, 1995

EXHIBIT A

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	FCC No. 95-281
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EXHIBIT "A"

PERCENTAGE OF HOUSEHOLDS WITH TELEPHONE SERVICE
EXCERPT INCLUDING NEW YORK DATA

Percentage of Households with Telephone Service in March

Total Household Income in 1984 Dollars	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
NEW JERSEY										
$9,999 or less	83.2	84.3	80.0	81.6	85.4	86.8	86.6	83.5	84.8	83.2
$10,000 - $19,999	91.1	94.6	93.9	93.6	89.0	92.5	94.3	92.1	91.1	93.5
$20,000 - $29,999	96.1	96.6	96.9	94.4	95.4	95.9	95.0	96.6	98.6	94.5
$30,000 - $39,999	99.1	100.0	98.4	98.3	98.1	96.5	98.5	97.8	98.2	98.5
$40,000 or more	98.6	99.4	98.9	99.3	99.2	99.0	98.7	99.0	98.9	99.0
Total	93.6	95.2	94.5	94.2	94.3	95.1	95.5	94.8	94.9	94.3
NEW MEXICO										
$9,999 or less	61.8	67.4	67.8	73.6	70.3	73.8	75.3	71.5	71.7	75.5
$10,000 - $19,999	81.7	80.8	83.1	87.3	84.7	84.5	83.3	85.7	89.5	88.0
$20,000 - $29,999	89.8	90.7	89.9	96.8	92.6	97.1	89.2	96.5	95.1	93.7
$30,000 - $39,999	98.1	96.3	98.1	94.7	93.9	93.4	97.3	93.6	99.5	97.2
$40,000 or more	99.0	98.2	98.4	99.3	98.6	98.7	99.3	98.9	98.7	99.1
Total	82.1	84.3	85.2	88.2	85.5	86.5	86.4	87.3	88.6	88.7
NEW YORK										
$9,999 or less	78.4	80.4	81.6	82.9	82.2	80.6	75.4	77.7	83.2	84.2
$10,000 - $19,999	91.9	91.8	92.7	91.8	92.3	94.1	90.7	89.8	92.9	94.5
$20,000 - $29,999	97.1	96.8	96.9	97.4	96.5	94.1	94.1	95.6	94.6	96.1
$30,000 - $39,999	98.0	98.1	98.2	97.6	96.8	98.4	96.4	98.5	97.6	97.6
$40,000 or more	98.5	98.8	98.4	99.1	98.9	98.9	98.3	98.6	99.3	98.5
Total	91.4	92.2	92.9	93.3	93.0	92.9	90.9	91.5	93.1	93.7
NORTH CAROLINA										
$9,999 or less	73.5	75.7	78.4	77.5	77.1	82.4	82.7	84.1	83.6	85.0
$10,000 - $19,999	87.0	89.2	88.1	88.0	88.2	88.3	91.0	91.2	91.4	90.9
$20,000 - $29,999	96.4	94.6	94.3	94.1	95.5	96.3	95.5	95.3	96.7	96.3
$30,000 - $39,999	98.5	99.4	98.2	98.0	98.5	99.4	97.9	98.1	97.5	98.5
$40,000 or more	98.4	99.5	98.9	99.1	99.7	100.0	99.8	100.0	99.5	99.8
Total	89.0	89.9	90.1	89.8	90.2	92.1	92.5	92.8	92.7	93.1
NORTH DAKOTA										
$9,999 or less	85.2	85.5	89.5	94.1	92.1	88.9	89.8	90.6	90.0	91.9
$10,000 - $19,999	95.0	94.9	93.1	98.3	95.0	98.3	97.9	97.6	97.2	98.2
$20,000 - $29,999	95.7	98.9	98.1	98.6	100.0	97.7	98.3	99.2	98.9	97.5
$30,000 - $39,999	98.7	100.0	99.1	100.0	100.0	99.2	99.0	99.2	99.2	100.0
$40,000 or more	99.0	100.0	99.2	100.0	100.0	100.0	100.0	99.0	99.0	100.0
Total	93.9	94.9	95.0	97.9	96.8	96.5	96.7	96.7	96.3	97.2

Percentage of Households with Telephone Service in March

Total Household Income in 1984 Dollars	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
WYOMING										
$9,999 or less	74.2	84.6	73.1	85.6	79.6	84.3	83.1	84.0	76.4	85.5
$10,000 - $19,999	86.0	90.6	92.6	92.3	91.1	96.1	95.0	96.6	95.6	92.6
$20,000 - $29,999	91.7	91.8	96.6	94.8	99.3	100.0	97.0	98.1	96.0	96.8
$30,000 - $39,999	100.0	96.9	96.0	98.4	100.0	100.0	100.0	98.9	98.8	98.7
$40,000 or more	98.0	97.3	99.2	98.8	98.2	97.9	100.0	100.0	100.0	98.8
Total	89.2	92.2	90.7	93.5	93.5	95.4	95.3	95.5	92.8	94.1
UNITED STATES TOTAL										
$9,999 or less	80.1	80.0	80.5	80.8	81.4	81.9	82.9	83.4	83.7	84.8
$10,000 - $19,999	90.8	90.5	91.3	90.9	91.5	91.6	91.9	92.3	93.2	93.7
$20,000 - $29,999	95.9	95.7	95.3	96.1	96.5	96.3	96.3	96.9	96.9	97.1
$30,000 - $39,999	98.3	98.1	97.9	98.0	98.0	98.4	98.4	98.7	98.7	98.5
$40,000 or more	98.8	98.9	98.9	99.0	99.1	99.1	99.0	99.2	99.2	99.3
Total	91.8	91.8	92.2	92.5	92.9	93.1	93.4	93.7	93.9	94.2

Translation

1984 Dollars	Current Dollars									
$10,000	$10,000	$10,370	$10,604	$10,926	$11,354	$11,920	$12,514	$13,158	$13,578	$13,996
$20,000	$20,000	$20,740	$21,208	$21,852	$22,708	$23,840	$25,028	$26,316	$27,156	$27,992
$30,000	$30,000	$31,110	$31,812	$32,778	$34,062	$35,760	$37,542	$39,474	$40,734	$41,988
$40,000	$40,000	$41,480	$42,416	$43,704	$45,416	$47,680	$50,056	$52,632	$54,312	$55,984

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unadjusted data will follow in a few hours